

## Message Text

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ACTION ARA-10

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INR-05 LAB-01 NSAE-00 RSC-01 SIL-01 NIC-01 AID-05

IGA-01 DODE-00 PM-03 H-01 L-01 NSC-05 PA-01 PRS-01

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TO SECSTATE WASHDC 8438

C O N F I D E N T I A L TEGUCIGALPA 4632

E.O. 11652: GDS

TAGS: PINT, ELAB, SWEL, HO

SUBJECT: LABOFF DISCUSSIONS WITH FESITRANH PRESIDENT CELEO  
GONZALEZ AND SITRATERCO SECRETARY GENERAL OBDULIO CACERES

REF: TEGUCIGALPA 4566

SUMMARY: LABOFF MET WITH FESITRANH (NORTH COAST LABOR FEDERATION)  
PRESIDENT CELEO GONZALEZ AND SITRATERCO (UNITED BRANDS  
UNION) SEC GEN OBDULIO CACERES ON SEPARATE OCCASIONS OCTOBER 23.  
BOTH MEN ARE GREATLY WORRIED ABOUT THE LONG TERM EFFECTS  
OF HURRICANE RELATED UNEMPLOYMENT ON THE NORTH COAST TRADE  
UNION MOVEMENT AND COMMENTED ON CONTINUING PROBLEMS WITH  
RELIEF SUPPLIES. GONZALEZ HAS ASKED ALL FESITRANH AFFILIATES  
TO PREPARE REPORTS OUTLINING SHORT AND LONG TERM EFFECTS OF  
THE CURRENT CRISIS ON THEIR ORGANIZATIONS. ON THE POLITICAL  
SIDE, GONZALEZ CONFIRMED THAT LABMIN FONSECA HAD TOLD HIM THAT  
HE HAD RESIGNED. CACERES REPORTED THAT DURING A MEETING WITH  
LABOR AND CAMPESINO LEADERS ON OCTOBER 18. GENERAL LOPEZ SAID  
THAT HE INTENDED TO ASK FOR THE RESIGNATIONS OF ALL MINISTERS  
AS A RESOLUTION TO THE CURRENT CABINET CRISIS. END SUMMARY.

1. LABOFF MET WITH FESITRANH PRESIDENT CELEO GONZALEZ AND  
SITRATERCO SEC GEN OBDULIO CACERES ON SEPARATE OCCASIONS  
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OCTOBER 24. IN A LONG CONVERSATION GONZALEZ OUTLINED THE

CONSIDERABLE PROBLEMS FACING FESITRANH AND THE TRADE UNION MOVEMENT AS A WHOLE AS A RESULT OF THE RECENT HURRICANE. THE IMMEDIATE PROBLEMS FOR FESITRANH INCLUDE SECURING FOODSTUFFS AND CLOTHING FOR THE RESIDENTS OF THE FESITRANH HOUSING PROJECT AND MAKING ARRANGEMENTS WITH BID FOR DEFERRED REPAYMENT OF THE HOUSING LOAN. GONZALEZ HAS ALSO BEEN ACTIVE IN PURSUING LONG-TERM GOALS. HE IS PARTICIPATING IN THE SAN PEDRO SULA BRANCH OF COPEN AND HAS DISCUSSED LABOR AND CAMPESINO PROBLEMS WITH CHIEF OF STATE LOPEZ (REFTEL). HE HAS CONVOKED THE FESITRANH EXECUTIVE COUNCIL TWICE.

2. GONZALEZ IS MOST CONCERNED ABOUT THE UNEMPLOYMENT OF WORKERS CAUSED BY HURRICANE FIFI AND ITS CONSEQUENCE TO THE LABOR MOVEMENT. HE HAS HAD EACH AFFILIATED UNION PREPARE A COMPLETE REPORT ON THE HURRICANE'S CONSEQUENCE SO THAT THERE CAN BE A CLEARER VIEW OF LONG TERM EFFECTS. HE IS PARTICULARLY CONCERNED ABOUT THE FUTURE OF THE CAMPESINO ASSOCIATION ANACH, THE HARDEST HIT OF THE FESITRANH AFFILIATES. GONZALEZ, ALONG WITH ANACH PRESIDENT RODRIGUEZ, SITRATERCO SECGEN CACERES, AND CTH SECGEN VICTOR ARTILES CALLED ON CHIEF OF STATE LOPEZ OCTOBER 18 TO DISCUSS THEIR PROBLEMS. ACCORDING TO GONZALEZ, LOPEZ PROMISED ACTION ON RELIEF QUESTIONS AND RECONFIRMED HIS COMMITMENT TO HAVE A NEW AGRARIAN REFORM LAW.

3. GONZALEZ INDICATED THAT THE TWO MOST SERIOUS PROBLEMS FACING FESITRANH ARE THE 44 PETITIONS FOR SUSPENSION OF WORKERS FILED BY NORTH COAST BUSINESSES AND THE MANAGEMENT OF THE 1,000 UNIT FESITRANH HOUSING PROJECT. MANY OF THE PETITIONS HAVE BEEN FILED BY COMPANIES WHICH WERE NOT DAMAGED BY THE HURRICANE AND GONZALEZ FEELS THAT A NUMBER OF COMPANIES ARE TRYING TO TAKE ADVANTAGE OF THE CURRENT SITUATION TO BREAK THEIR UNIONS. LOVABLE BRA CO., FOR EXAMPLE, HAS APPLIED TO SUSPEND WORKERS EVEN THOUGH THE PLANT WAS UNDAMAGED. CONCERNING THE HOUSING PROJECT, GONZALEZ SAID THAT FESITRANH WILL BE UNABLE TO MAKE ITS LOAN PAYMENTS TO THE INTER-AMERICAN DEVELOPMENT BANK SINCE HAS USED INCOMING PAYMENTS FOR RECONSTRUCTION. ALSO, OVER 70 PERCENT OF THE HOUSES WERE DAMAGED AND TENANTS ARE NOT MAKING PAYMENTS TO FESITRANH. SINCE MANY HOME OWNERS ARE UNEMPLOYED, INCOMING FUNDS ARE INADEQUATE TO KEEP UP WITH THE IDB OBLIGATIONS. GONZALES  
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HOPES TO BE ABLE TO ARRANGE A MORATORIUM ON LOAN PAYMENTS WITH THE IDB.

4. TURNING TO POLITICAL TOPICS, GONZALEZ SAID THAT LABMIN FONSECA HAD IN FACT RESIGNED. HE SAID THAT FESITRANH HAS NO POSITION TO DEFEND IN THE CURRENT CABINET CRISIS AND THAT LABOR WOULD NOT INSIST ON THE RETENTION OF FONSECA AS LABOR MINISTER. HOWEVER, IF SOMEONE IS NAMED TO FILL THE POSITION WHO IS

UNFRIENDLY TO LABOR, FESITRANH SUPPORT FOR THE LOPEZ GOVERNMENT  
WOULD BE WITHDRAWN IMMEDIATELY.

5. GONZALEZ IS VERY WORRIED ABOUT THE HEALTH OF SITRATERCO  
PRESIDENT OSCAR GALE WHO HAS BEEN WORKING CONTINUALLY SINCE  
THE HURRICANE. AT THE TIME OF THIS CONVERSATION GALE WAS  
HOSPITALIZED FOR TESTS AND WAS LATER RELEASED. GALE'S HEALTH  
HAS APPARENTLY SUFFERED A SETBACK AND AT THE MOMENT NO ONE KNOWS  
HOW SERIOUS IT MIGHT BE.

6. GONZALEZ SAID THAT HE VERY MUCH APPRECIATED U.S. ASSISTANCE  
TO HONDURAS FOLLOWING THE HURRICANE AND THAT HE WANTS TO  
CALL ON THE AMBASSADOR TO GIVE PERSONAL THANKS.

7. OBDULIO CACERES OF SITRATERCO CONFIRMED THE EARLIER  
REPORTED ARRANGEMENT WITH UNITED BRANDS ON THE SUSPENSION OF  
WORKERS. ONLY 2300 COMPANY EMPLOYEES WILL BE WITHOUT WORK  
WHILE ALL THE OTHERS WILL WORK ALTERNATE WEEKS. HE SAID THAT  
SITRATERCO IS HAVING DIFFICULTIES IN SECURING PROVISIONS FOR  
ITS NEEDY MEMBERS. HE FEELS THAT COPEN IS HANDLING ITS TASK  
HONESTLY BUT THAT IT IS NOT EQUAL TO THE NEED. ACCORDING TO  
CACERES, A UNITED BRANDS SHIPLOAD OF SUPPLIES WAS TAKEN FOR  
DISTRIBUTION BY COPEN BUT THAT COMPANY EMPLOYEES ARE BEING  
TURNED AWAY AT DISTRIBUTION CENTERS ON THE GROUND THAT THEY  
SHOULD RECEIVE PROVISIONS FROM THE COMPANY AND THE UNION.

8. AS A MEMBER OF THE DELEGATION VISITING CHIEF OF STATE  
LOPEZ (PARA 2) HE SAID THAT LOPEZ TOLD THE GROUP THAT HE  
INTENDED TO ASK ALL CABINET MINISTERS TO RESIGN AS THE BEST  
SOLUTION TO THE CURRENT CABINET CRISIS.

COMMENT: FROM ALL APPEARANCES IT SEEMS THAT FESITRANH  
PRESIDENT GONZALEZ HAS MOVED FROM A POSITION OF VIRTUALLY  
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EXCLUSIVE CONCERN WITH THE FESITRANH HOUSING PROJECT TO A  
BALANCED PERSPECTIVE OF CONCERN WITH BOTH SHORT AND LONG  
RANGE PROBLEMS OF THE LABOR MOVEMENT. GONZALEZ HAS ALSO  
COMPLIMENTED THE PERFORMANCE OF SITRATERCO'S OBDULIO  
CACERES AND THINKS THAT HE MAY YET DEVELOP THE LEADERSHIP  
QUALITIES NECESSARY TO REPLACE OSCAR GALE.  
SANCHEZ

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